

A Message from Kodwo Ghartey-Tagoe, Duke Energy South Carolina President: Know the Facts – Duke Energy's Rate Request

As you may know, Duke Energy Progress and Duke Energy Carolinas both filed a request with the Public Service Commission of South Carolina in November to adjust the price of electricity for the 760,000 customers we serve in our state.



Recent work to modernize the electric system, generate cleaner power, responsibly manage and close coal ash basins, and continually improve reliability and service to customers is the primary reason for these filings.

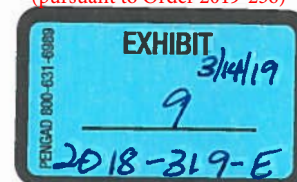
Part of the proposed adjustment in price is to bring what is known as the customer charge, or basic facilities charge, closer to representing the true costs of serving our customers in South Carolina. This charge covers all the items you need to use electricity in your home: a meter, customer records and other services. However, the basic facilities charge doesn't directly correlate to the amount of electricity a customer uses in a month; it's also a charge paid by each utility customer in South Carolina, and similar to one customers across the the U.S. see on their electric bill.

If only the change in the basic facilities charge is approved, the increase in the charge will be offset by a decrease in the price per kilowatt hour, which means the bill for a customer with average usage should stay the same.

You might have recently seen a Facebook ad or an email about the proposed adjustment to the charge from organizations such as the Southern Alliance for Clean Energy or AARP. Unfortunately, the ads and email include several inaccuracies.

Unlike how the charge is portrayed, a number of utilities across South Carolina and the nation have similar charges, and other

PUBLIC VERSION
(pursuant to Order 2019-236)



utilities are moving in the same direction. We are proposing regulators approve a charge that is fair to every customer and represents the true value of our system and services to customers.

What's also true is that the higher basic facilities charge results in a lower price per kilowatt-hour, and does not impact one type of customer any more than another. For instance, low-income families and seniors, who can least afford an increase, are not impacted any more than other customers by using less energy. Many of our low-income customers actually have relatively high bills, which might correlate with a less energy-efficient home. In fact, the higher bills associated with less energy-efficient homes during extreme cold during the winter and blazing heat during the summer should be reduced with the adjusted customer charge.

And finally, the basic facilities charge simply accurately reflects the cost to serve every residential customer, ensuring all customers pay their fair share to access and use the electric grid. That includes low-usage customers, such as those with solar installations. We serve solar customers just as we serve our traditional customers, which means high-usage customers are subsidizing those who use solar. The proposed adjustment helps equalize that imbalance, and continues to support the adoption of solar in South Carolina.

The Public Service Commission of South Carolina will determine the appropriate price electric customers pay after a long-standing and very transparent public process for reviewing rate requests. You can find more information on each request at [Duke Energy Carolinas](#) and [Duke Energy Progress](#).

Thank you for being a valued customer,

Kodwo

Source: Duke Energy February, 2019 e-mailed newsletter.

Duke Energy Carolinas:

Rate case at a glance



● Duke Energy Carolinas ● Overlapping Territory

■ 591,000 customers served

■ Overall requested increase of 10.0 percent

■ Typical 1,000-kWh residential bill would increase from

\$113.86 to \$129.43 = \$15.57 increase

or 13.67% increase over the old rate

More information at:

duke-energy.com/SCCarolinasRates

Customer class	Average rate increase percentage
Residential	12.1 *
Commercial	7.7
Industrial	8.8

This table shows the average impact proposed for each customer class. The specific increase for individual customers will vary, depending on the rate they pay.

* Duke incorrectly calculated the %, using the new rate, not the old rate as a basis.



Working today for a smarter tomorrow

The company is making strategic, data-driven investments to improve reliability and harden the grid against severe weather, protect against cyber and physical threats, use more solar and clean energy, and provide customers with the information they need to make better energy choices and save money. These investments will reap benefits both immediately and in the years to come.



Generating cleaner electricity for a brighter future

As part of its work to deliver electricity that is cleaner than ever, Duke Energy has retired coal plants across the system – Duke Energy no longer operates coal plants anywhere in South Carolina. The company is providing customers with increasingly clean energy from state-of-the-art, carbon-free nuclear plants and new, highly-efficient natural gas and utility-scale solar energy projects. Nearly half of the electricity generated by Duke Energy in the Carolinas last year came from carbon-free resources, including hydro-electric facilities. Significantly, the W.S. Lee Combined Cycle plant in Anderson County, S.C., completed in April 2018, features state-of-the-art technology for increased efficiency and significantly reduced emissions. Additionally, investments related to both the expansion of carbon-free nuclear energy and the evaluation of options to extend the life of the company's existing nuclear fleet are an important part of the diverse energy mix that reliably serves customers every day.



Improving the customer experience

Duke Energy Carolinas is planning for the future to ensure the best customer service possible. The company is deploying a new customer information system to give customers more information and options; installing smart meters to give customers intelligent information to help them make smart choices to save energy and money, as well as improve outage response when an outage occurs; seeking to offer customers the option of a prepayment plan that can eliminate the need for deposits; and proposing the elimination of convenience charges for residential customers every time they use a credit or a debit card to make a payment.



Managing coal ash responsibly and recycling byproducts

Duke Energy Carolinas is responsibly managing coal ash and safely closing ash basins at its coal sites in the Carolinas. The cost of these services, including compliance with state and federal regulations that govern the company's work, is a responsibility shared by all consumers of electricity so that the public and the environment are protected now and in the future.



>>

March 14, 2019

John W. Unkefer*

[REDACTED]
Greenville, South Carolina [REDACTED]
[REDACTED]
[REDACTED]

*Currently retired, formerly
Vice-president and controller
Major coated paper company

Attached are documents I retrieved from current Duke Energy records, easily obtained from public sources. I was unable to do a complete analysis, however, because Duke Energy does not separate South Carolina and North Carolina financial data.

The current utility rate schedule will show that the commission has allowed Duke Energy to charge South Carolina residents, higher fees and kwh rates as compared to those in North Carolina (Hdq of Duke Energy) and other state utilities. I thank you for the opportunity to address you and will be happy to answer your questions to the best of my ability. I hope these will assist the commission in justifying a decision to deny Duke Energy's request for a 1.5cent increase in the kwh rate.

Current Utility Rates

Utility	Base Rate \$ per month	KWH Energy cents/kwh	
South Carolina *	8.29	1st 1000	.101172
		Over 1000	.107710
North Carolina	14.00	all kwh	.087179
Energy Progress NC	14.00	July to Oct	.10868
		Nov to June	.10395
Energy Progress SC	9.06	July to Oct	.11404
		Nov to June	
		First 800 kwh	.11404
		Over 800 kwh	.10404
Florida	9.66	1st 1000	.11331
		Over 1000	.13957
Ohio	6.00	all kwh	.031482
Indiana	9.01	1st 300	.089116
		Next 700	.051948
		Over 1000	.042634
Kentucky	11.00	all kwh	.071650

*As can be seen from the above, SC is paying its fair share compared to the other Utilities. Moving the base charge to the \$28.00 or 238% is unwarranted. A 10% increase to \$9.26 seems reasonable. There is no reason to increase SC per kwh rate by the .01557 that Duke is requesting since our rate is already higher than NC.

SCHEDULE RS (NC)
RESIDENTIAL SERVICEAVAILABILITY (North Carolina Only)

Available only to residential customers in residences, condominiums, mobile homes, or individually-metered apartments which provide independent and permanent facilities complete for living, sleeping, eating, cooking, and sanitation.

Power delivered under this schedule shall not be used for resale except to landlords for individually-metered residences leased by the bedroom, and where the landlord has complied with Chapter 22 of the Rules of the North Carolina Utilities Commission. Additionally, power delivered under this schedule shall not be used in parallel with other electric power or as a substitute for power contracted for or which may be contracted for, under any other schedule of the Company, except at the option of the Company, or for service in conjunction with Rider SCG or Rider NM, under special terms and conditions expressed in writing in the contract with the customer.

TYPE OF SERVICE

The Company will furnish 60 Hertz service through one meter, at one delivery point, at one of the following approximate voltages, where available:

- Single-phase, 120/240 volts; or
- 3-phase, 208Y/120 volts; or other available voltages at the Company's option.

Motors in excess of 2 H. P., frequently started, or arranged for automatic control, must be of a type to take the minimum starting current and must be equipped with controlling devices approved by the Company.

Three-phase service will be supplied, if available. Where three-phase and single-phase service is supplied through the same meter, it will be billed on the rate below. Where three-phase service is supplied through a separate meter, it will be billed on the applicable General Service schedule.

RATE:

I.	Basic Facilities Charge per month	\$ 14.00
II.	Energy Charges	
	<u>For the billing months of July - October</u>	
	For all kWh used per month, per kWh*	8.7179¢
	<u>For the billing months of November - June</u>	
	For all kWh used per month, per kWh*	8.7179¢

- * For customers receiving Supplemental Security Income (SSI) under the program administered by the Social Security Administration and who are blind, disabled, or 65 years of age or over, the rate for the first 350 kWh used per month shall be 7.8829 cents per kWh. This is an experimental rate authorized by the North Carolina Utilities Commission on August 31, 1978. The present maximum discount to customers being served under this experiment is \$ 2.92 per month.

RIDERS

The Renewable Energy Portfolio Standard (REPS) Rider charge as shown on Leaf No. 68 will be added to the monthly bill for each agreement for service under this schedule.

The following Riders are applicable to service supplied under this schedule. The currently approved cents/kWh rider increment or decrement must be added to the cents/kWh rates shown above to determine the monthly bill.

Leaf No. 59	EDIT-1 Rider
Leaf No. 60	Fuel Cost Adjustment Rider
Leaf No. 62	Energy Efficiency Rider
Leaf No. 64	Existing DSM Program Costs Adjustment Rider
Leaf No. 105	BPM Prospective Rider
Leaf No. 106	BPM True-Up Rider
Leaf No. 341	Job Retention Recovery Rider

Return on Investment by Utility

	Carolinas	Duke Energy Progress	Progress Energy	Florida	Ohio	Indiana
Revenue	\$ 7300	\$5699	\$10728	\$5021	\$1450	\$3059
Net Income	1071	667	1027	554	176	393
% NI to Rev	14.7%	11.7%	9.6%	11.0%	12.1%	12.8%
Distributions Pd to Corp	\$750	\$175	\$250	\$75	\$0	\$175
Cash from Operations	\$2530	\$1628	\$2544	\$1109	\$570	\$1006

The above information comes directly from the 2018 Duke 10 K. The total revenue and net income are before any consolidating (inter company) eliminations and therefore higher than the Duke consolidated financials.

The above shows that Carolinas is by far the most profitable and distributes significantly more, \$750 vs \$675 for the other 5 combined, to Corporate than the other Utilities.

These are all justifications of why SC Carolina should not have their kwh rates increased.

Duke states that part of the reason they need an increase is because of the lower statutory federal tax rate, which reduced revenue by \$263million. However, this also reduces their tax expense 2017 tax was \$652... 2018 tax is \$303) so it has no impact on Carolinas Return on Equity. Further, if you add back the \$192 impairment charge, which does not affect current cash, the ROE would be 10.8% (\$1071 +192 = \$1263 net income divided by \$11683 equity) or well above the 10% that Duke says they need. I have included copies of pertinent information, highlighted, that shows some of the important facts which justify the Board denying an increase

Results of Operations

(in millions)	Years Ended December 31,		
	2018	2017	Variance
Operating Revenues	\$ 7,300	\$ 7,302	\$ (2)
Operating Expenses			
Fuel used in electric generation and purchased power	1,821	1,822	(1)
Operation, maintenance and other	2,130	2,021	109
Depreciation and amortization	1,201	1,090	111
Property and other taxes	295	281	14
Impairment charges	192	—	192
Total operating expenses	5,639	5,214	425
(Losses) Gains on Sales of Other Assets and Other, net	(1)	1	(2)
Operating Income	1,660	2,089	(429)
Other Income and Expenses, net	153	199	(46)
Interest Expense	439	422	17
Income Before Income Taxes	1,374	1,866	(492)
Income Tax Expense	303	652	(349)
Net Income	\$ 1,071	\$ 1,214	\$ (143)

The following table shows the percent changes in GWh sales and average number of customers for Duke Energy Carolinas. The below percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities and to public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018	2017
Residential sales	11.7 %	(4.8)%
General service sales	4.5 %	(1.8)%
Industrial sales	(0.3)%	(0.8)%
Wholesale power sales	12.5 %	6.3 %
Joint dispatch sales	23.1 %	18.2 %
Total sales	5.7 %	(1.4)%
Average number of customers	1.5 %	1.5 %

Year Ended December 31, 2018, as compared to 2017

Operating Revenues. The variance was driven primarily by:

- a \$263 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act;
- a \$68 million decrease in retail rider revenues primarily related to the implementation of new base rates; and
- an \$8 million decrease in wholesale power revenues, net of sharing and fuel, primarily due to wholesale customer refunds in the current year related to a FERC order on a complaint filed by PMPA, partially offset by higher revenues related to recovery of coal ash costs.

Partially offset by:

- a \$169 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- an \$83 million increase in retail pricing from impacts of the North Carolina rate case;
- a \$49 million increase in other revenues primarily due to the recognition of previously deferred revenues associated with storm restoration costs in South Carolina and favorable transmission revenues; and
- a \$36 million increase in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$192 million increase in impairment charges primarily due to the impacts of the North Carolina rate order and charges related to coal ash costs in South Carolina;
- a \$111 million increase in depreciation and amortization expense primarily due to additional plant in service, new depreciation rates associated with the North Carolina rate case and higher amortization of deferred coal ash costs, partially offset by lower amortization of certain regulatory assets; and

- a \$109 million increase in operations, maintenance and other expense primarily due to severance charges.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity related to the Lee Nuclear Project and W.S. Lee CC and a decrease in recognition of post in-service equity returns for projects that had been completed prior to being reflected in customer rates.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the years ended December 31, 2018, and 2017 were 22.1 percent and 34.9 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of state excess deferred taxes.

Matters Impacting Future Results

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low-risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low risk classifications for these impoundments, indicating that Duke Energy Carolinas had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 9 to the Consolidated Financial Statements, "Asset Retirement Obligations," for additional information.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Notes 4 and 5 to the Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 4 to the Consolidated Financial Statements, "Regulatory Matters," for additional information.

During the last half of 2018, Duke Energy Carolinas' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 4 to the Consolidated Financial Statements, "Regulatory Matters," for additional information.

Appeals of the recently approved rate case for Duke Energy Carolinas are pending at the North Carolina Supreme Court. The North Carolina Attorney General and various intervenors primarily dispute the allowance of recovery of coal ash costs from customers, which was approved by the NCUC. The outcome of these appeals could have an adverse impact to Duke Energy Carolina's results of operations, financial position and cash flows. See Note 4 to the Consolidated Financial Statements, "Regulatory Matters," for additional information.

Within this Item 7, see the Tax Act section above as well as Liquidity and Capital Resources below for discussion of risks associated with the Tax Act.

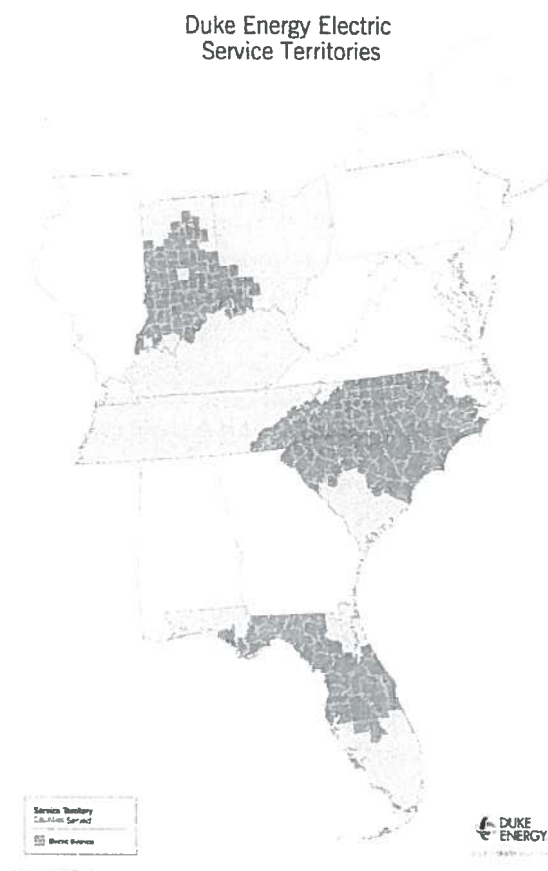
PROGRESS ENERGY

Introduction

Management's Discussion and Analysis should be read in conjunction with the accompanying Consolidated Financial Statements and Notes for the years ended December 31, 2018, 2017 and 2016.

Basis of Presentation

The results of operations and variance discussion for Progress Energy is presented in a reduced disclosure format in accordance with General Instruction (I)(2)(a) of Form 10-K.



The electric operations and investments in projects are subject to the rules and regulations of the FERC, the NRC, the NCUC, the PSCSC, the FPSC, the IURC, the PUCO and the KPSC.

The following table represents the distribution of billed sales by customer class for the year ended December 31, 2018.

	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana
Residential	32%	27%	50%	37%	28%
General service	32%	23%	37%	38%	25%
Industrial	24%	15%	7%	23%	31%
Total retail sales	88%	65%	94%	98%	84%
Wholesale and other sales	12%	35%	6%	2%	16%
Total sales	100%	100%	100%	100%	100%

The number of residential and general service customers within the Electric Utilities and Infrastructure service territory is expected to increase over time. While economic conditions within the service territory remain strong, sales growth continues to be influenced by adoption of energy efficiencies and self-generation. Residential sales for 2018 compared to 2017 saw relatively strong growth despite the impact from increasing amounts of energy efficiency. However, the continued adoption of more efficient housing and appliances is expected to have a negative impact on average usage per residential customer over time.

Seasonality and the Impact of Weather

Revenues and costs are influenced by seasonal weather patterns. Peak sales of electricity occur during the summer and winter months, which results in higher revenue and cash flows during these periods. By contrast, lower sales of electricity occur during the spring and fall, allowing for scheduled plant maintenance. Residential and general service customers are more impacted by weather than industrial customers. Estimated weather impacts are based on actual current period weather compared to normal weather conditions. Normal weather conditions are defined as the long-term average of actual historical weather conditions.

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
CONSOLIDATED BALANCE SHEETS

(in millions)	December 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 33	\$ 16
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	219	200
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	699	640
Receivables from affiliated companies	182	95
Inventory	948	971
Regulatory assets	520	299
Other	72	19
Total current assets	2,673	2,240
Property, Plant and Equipment		
Cost	44,741	42,939
Accumulated depreciation and amortization	(15,496)	(15,063)
Net property, plant and equipment	29,245	27,876
Other Noncurrent Assets		
Regulatory assets	3,457	2,853
Nuclear decommissioning trust funds	3,558	3,772
Other	1,027	979
Total other noncurrent assets	8,042	7,604
Total Assets	\$ 39,960	\$ 37,720
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 988	\$ 842
Accounts payable to affiliated companies	230	209
Notes payable to affiliated companies	439	104
Taxes accrued	171	234
Interest accrued	102	108
Current maturities of long-term debt	6	1,205
Asset retirement obligations	290	337
Regulatory liabilities	199	126
Other	571	486
Total current liabilities	2,996	3,651
Long-Term Debt	10,633	8,598
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,689	3,413
Asset retirement obligations	3,659	3,273
Regulatory liabilities	5,999	6,231
Accrued pension and other post-retirement benefit costs	99	95
Investment tax credits	231	232
Other	671	566
Total other noncurrent liabilities	14,348	13,810
Commitments and Contingencies		
Equity		
Member's equity	11,689	11,368
Accumulated other comprehensive loss	(6)	(7)
Total equity	11,683	11,361
Total Liabilities and Equity	\$ 39,960	\$ 37,720

See Notes to Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Years Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,071	\$ 1,214	\$ 1,166
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of nuclear fuel)	1,487	1,409	1,382
Equity component of AFUDC	(73)	(106)	(102)
Losses (Gains) on sales of other assets	1	(1)	5
Impairment charges	192	—	1
Deferred income taxes	305	410	470
Accrued pension and other post-retirement benefit costs	4	(4)	4
Contributions to qualified pension plans	(46)	—	(43)
Payments for asset retirement obligations	(230)	(271)	(287)
Provision for rate refunds	182	—	—
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions	2	9	5
Receivables	(86)	(9)	(76)
Receivables from affiliated companies	(87)	68	(56)
Inventory	25	78	215
Other current assets	(161)	7	67
Increase (decrease) in			
Accounts payable	168	23	(69)
Accounts payable to affiliated companies	21	(38)	18
Taxes accrued	(65)	86	187
Other current liabilities	89	(161)	63
Other assets	(179)	(49)	20
Other liabilities	(90)	(31)	6
Net cash provided by operating activities	2,530	2,634	2,976
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(2,706)	(2,524)	(2,220)
Purchases of debt and equity securities	(1,810)	(2,124)	(2,832)
Proceeds from sales and maturities of debt and equity securities	1,810	2,128	2,832
Notes receivable from affiliated companies	—	66	97
Other	(147)	(109)	(83)
Net cash used in investing activities	(2,853)	(2,563)	(2,206)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt	1,983	569	1,587
Payments for the redemption of long-term debt	(1,205)	(116)	(356)
Notes payable to affiliated companies	335	104	—
Distributions to parent	(750)	(625)	(2,000)
Other	(23)	(1)	—
Net cash provided by (used in) financing activities	340	(69)	(769)
Net increase in cash and cash equivalents	17	2	1
Cash and cash equivalents at beginning of period	16	14	13
Cash and cash equivalents at end of period	\$ 33	\$ 16	\$ 14
Supplemental Disclosures:			
Cash paid for interest, net of amount capitalized	\$ 452	\$ 398	\$ 393
Cash paid for (received from) income taxes	89	193	(60)
Significant non-cash transactions:			
Accrued capital expenditures	302	315	347

See Notes to Consolidated Financial Statements

BUSINESS

The table below reflects significant electric rate case applications approved and effective in the past three years or applications currently pending approval.

	Regulatory Body	Annual Increase (Decrease) (in millions)	Return on Equity	Equity Component of Capital Structure	Effective Date
Approved Rate Cases:					
Duke Energy Carolinas 2017 North Carolina Rate Case	NCUC	\$ (73)	9.9%	52%	8/1/2018
Duke Energy Progress 2017 North Carolina Rate Case	NCUC	151	9.9%	52%	3/16/2018
Duke Energy Ohio 2017 Ohio Electric Rate Case	PUCO	(19)	9.84%	50.75%	1/2/2019
Duke Energy Kentucky 2017 Kentucky Electric Rate Case	KPSC	8	9.725%	49%	5/1/2018
Duke Energy Progress 2016 South Carolina Rate Case	PSCSC	(a)	10.1%	53%	1/1/2017
Pending Rate Cases:					
Duke Energy Carolinas 2018 South Carolina Rate Case	PSCSC	\$ 168	10.5%	53%	6/1/2019
Duke Energy Progress 2018 South Carolina Rate Case	PSCSC	59	10.5%	53%	6/1/2019

- (a) An increase of approximately \$38 million in revenues was effective January 1, 2017, and an additional increase of approximately \$19 million in revenues was effective January 1, 2018.

For more information on rate matters and other regulatory proceedings, see Note 4 to the Consolidated Financial Statements, "Regulatory Matters."

Federal

The FERC approves Electric Utilities and Infrastructure's cost-based rates for electric sales to certain power and transmission wholesale customers. Regulations of FERC and the state electric utility commissions govern access to regulated electric and other data by nonregulated entities and services provided between regulated and nonregulated energy affiliates. These regulations affect the activities of nonregulated affiliates with Electric Utilities and Infrastructure.

Regional Transmission Organizations (RTO). PJM and MISO are the ISOs and FERC-approved RTOs for the regions in which Duke Energy Ohio and Duke Energy Indiana operate. PJM and MISO operate energy, capacity and other markets, and control the day-to-day operations of bulk power systems through central dispatch.

Duke Energy Ohio is a member of PJM and Duke Energy Indiana is a member of MISO. Transmission owners in these RTOs have turned over control of their transmission facilities and their transmission systems are currently under the dispatch control of the RTOs. Transmission service is provided on a regionwide, open-access basis using the transmission facilities of the RTO members at rates based on the costs of transmission service.

Environmental. Electric Utilities and Infrastructure is subject to the jurisdiction of the EPA and state and local environmental agencies. For a discussion of environmental regulation, see "Environmental Matters" in this section. See the "Other Matters" section of Management's Discussion and Analysis for a discussion about potential Global Climate Change legislation and other EPA regulations under development and the potential impacts such legislation and regulation could have on Duke Energy's operations.

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CLERK'S OFFICE

NOTICE OF PUBLIC NIGHT HEARINGS

DOCKET NO. 2018-319-E

Application of Duke Energy Carolinas, LLC for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order

On November 8, 2018, Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") filed an Application with the Public Service Commission of South Carolina ("Commission") requesting authority to adjust and increase its retail electric rates, charges, and tariffs. The Application was filed pursuant to S.C. Code Ann. §§58-27-820 and 58-27-870 and S.C. Code Ann. Regs. 103-303 and 103-823.

In its Application, Duke Energy Carolinas seeks rate changes to increase annual revenues by 10% or \$168 million, to be updated to account for known and measurable expenses for grid investments of approximately \$16 million in 2020 and \$20 million in 2021. The Company states that recent work to modernize the electric system, generate cleaner power, responsibly manage and close coal ash basins, improve reliability, and continually improve service to customers have made it necessary to request a net increase in retail revenues. The Company's request includes \$46 million in net tax benefits resulting from the Federal Tax Cuts and Jobs Act, and \$17 million from a reduction in North Carolina state taxes allocable to South Carolina. The Company states in its Application that its request is driven by capital investments and environmental compliance progress made by the Company since its previous rate case, including the further implementation of the Company's generation modernization program, which consists of retiring, replacing and upgrading generation plants; investments in customer service technologies; and the Company's continued investments in base work to maintain its transmission and distribution systems.

Duke Energy Carolinas requests that the proposed increases be effective on June 1, 2019. According to the Company's proposal in the Application, a typical residential customer using 1,000 kWh will see an increase of approximately \$15.57 per month beginning with the rate effective date in this case, requested to be June 1, 2019, and then an increase of \$1.54 per month beginning June 1, 2020, and an additional \$1.92 per month beginning June 1, 2021, to incorporate costs for grid investments per the Grid Improvement Plan described in the Application. Page 19 of the Application describes the Grid Improvement Plan, which can be described, in part, as a long-term initiative built upon strategic, data-driven investments to improve reliability to avoid outages and speed restoration; harden the grid to protect against cyber and physical threats; and to expand solar and other innovative technologies across a two-way, smart-thinking grid. The Company proposes additional rate changes for 2020 and 2021 to reflect the remaining years of the three year plan, with costs captured in a regulatory asset for recovery between rate changes. The Company proposes an increase in the Residential Basic Facilities Charge from \$8.29 to \$28.00 per month effective June 1, 2019.

PLEASE TAKE NOTICE that the Public Service Commission, pursuant to S.C. Code Ann. Regs. 103-817 and Commission Order No. 2019-119, has scheduled public hearings in response to the above referenced docket. The following hearings will begin at **6:00 p.m.** at the locations as follows:

Tuesday, March 12, 2019, Spartanburg County Council Chambers, Spartanburg County Administration Building, 366 N Church Street, Main Level, Suite 1000, Spartanburg, South Carolina 29303

Wednesday, March 13, 2019, Anderson County Council Chambers, 101 S Main Street, Anderson, South Carolina 29624

Thursday, March 14, 2019, Greenville County Council Chambers, 301 University Ridge, Suite 2400, Greenville, South Carolina 29601